

## Message Text

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ACTION ARA-14

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FM AMEMBASSY LA PAZ

TO USDOC WASHDC

INFO SECSTATE WASHDC 9699

UNCLAS LA PAZ 1782

E.O. 11652: N/A

TAGS: BEXP, EMIN, BL

SUBJECT: MAJOR PROJECTS: SIDERSA IRON AND STEEL COMPLEX AT MUTUN

1. THE BOLIVIAN STATE IRON-STEEL CORPORATION, SIDERSA, HAS RECEIVED AND APPROVED THE FEASIBILITY STUDY OF AN INTEGRATED STEEL PLANT BASED ON MINING THE MUTUN IRON DEPOSIT. THE FEASIBILITY STUDY WAS COMPLETED BY A.G. MCKEE OF CLEVELAND, OHIO (SEE LA PAZ 9848, DEC 1977).

2. SIDERSA BY SUPREME DECREE WAS AUTHORIZED BY GOB TO START WORLDWIDE CONTACT WITH FIRMS IN THE STEEL INDUSTRY POSSIBLY INTERESTED IN FINANCING AND/OR PARTICIPATING IN THE MUTUN IRON-STEEL PROJECT. SIDERSA WOULD LIKE TO RECEIVE OPINIONS AND PRELIMINARY DEFINITIONS ON: A) DIRECT PARTICIPATION IN THE PROJECT; B) FINANCING TERMS; AND C) POSSIBILITY OF ENLARGING MARKETS FOR IRON AND STEEL PRODUCTS.

3. THE IRON-STEEL PROJECT IS PROGRAMMED TO PRODUCE 450,000 MT PER YEAR OF NON-FLATS STEEL LAMINATES USING A DIRECT REDUCTION SYSTEM, NOT YET DETERMINED, WITH BOLIVIAN NATURAL GAS. ONE MILLION MT PER YEAR OF IRON-ORE WILL BE MINED FROM THE RICH SECONDARY IRON DEPOSITS AT MUTUN (COLUVIAL AND ALLUVIAL); PROVEN RESERVES: SECONDARY 50,000,000 MT, PRIMARY ORE DEPOSIT 175,000,000,000 MT, ALTHOUGH, TOTAL PROBABLY RESERVES UNCLASSIFIED

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ADD TO 40,000 MILLION MT. THE IRON-ORE WILL BE CRUSHED, SCREENED AND PELLETIZED TO PRODUCE 600,000 MT/YEAR OF SPONGE IRON. THREE ELECTRIC FURNACES OF 78 MT CAPACITY EACH WILL PRODUCE 525,000 MT/YEAR OF LIQUID STEEL. TWO INDEPENDENT CONTINUOUS CASTING TRAINS WILL PRODUCE 450,000 MT OF ROUND BARS, LIGHT SECTIONS AND WIRE RODS. THESE PRODUCTS WILL BE MARKETED IN BRAZIL AND BOLIVIA. BRAZIL HAS AGREED TO BUY

BOLIVIAN STEEL PRODUCTS ACCORDING TO A BILATERAL COOPERATION AGREEMENT (SEE LA PAZ 7129 OF SEPT 77). FINISHED PRODUCTS WILL BE RAILED ON EXISTING TRACKS FROM PUERTO SUAREZ TO SANTA CRUZ (BOLIVIA) AND TO CORUMBA, SAO PAULO (BRAZIL).

4. AMEMBASSY LA PAZ HAS BEEN ASKED OFFICIALLY BY SIDERSA TO PASS THIS INFORMATION TO THE FOLLOWING US COMPANIES: RUST INTERNATIONAL INC OF BIRMINGHAM, ALABAMA; BECHTEL INC. OF HOUSTON, TEXAS; U.S. STEEL INTERNATIONAL (NY), INC; PULLMAN SWINDELL OF PITTSBURGH, PENNSYLVANIA; MIDREX CORPORATION OF CHARLOTTE, N. CAROLINA; DRAVO CORPORATION OF PITTSBURGH, PENNSYLVANIA. INTERESTED COMPANIES SHOULD REPLY TO SIDERSA BY MARCH 20, 1978.

5. ALTHOUGH SIDERSA HAS CABLED THESE COMPANIES SEPARATELY, EMBASSY WOULD APPRECIATE USDOC CONTACTING THESE COMPANIES SEPARATELY TO ENSURE THEY HAVE RECEIVED THE SIDERSA CABLE AND ALSO TO OFFER ANY OTHER INFORMATION THAT THE COMPANIES MAY WANT AND IS CONTAINED IN PREVIOUS EMBASSY REPORTS ON THIS SUBJECT.  
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## Message Attributes

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